

**City of Santa Rosa**  
**Utilities Department**  
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July 3, 2002

John Olaf Nelson  
Water Resources Management  
1833 Castle Drive  
Petaluma, CA 94954

Dear John:

The following comments on the Framework Issues for the New Water Supply Agreement represent Santa Rosa's comments to date. These were compiled from meetings of both our Board of Public Utilities and City Council. Both policy bodies will continue to review issues and interests as they arise in the negotiation process.

**General concerns/comments:**

**Negotiations:** It is important that only those who are actually customers of SCWA (those paying the bill) be represented in the negotiation process.

**New Prime Contractors:** There is not consensus that MMWD and Windsor should become prime contractors (varying opinions among Board members). There *is* consensus that if they do, they must buy into the SCWA system in a manner that is fair to the existing contractors and which respects the level of risk the prime contractors have taken by supporting the Russian River System since 1974.

**Comments related to the Framework document:**

**Water Conservation** (comments relate to B and D of Framework document) :

- X ***All contractors should be required to implement the Best Management Practices (BMP's)*** (note: Many contractors have just begun to do BMP's; they take about ten years to complete.)
- X The agreement needs to define a ***schedule for implementing the BMP's*** and a ***penalty surcharge for not staying on the schedule***. The purpose of this surcharge is to assure responsible action on the part of the contractors, not to raise additional revenue.
- X No contractor should be allowed future entitlement if BMP's are not completed or on a monitored date-driven track to be completed at a time certain.
- X ***Eliminate the word "aggressive" in item B.*** By adding strong language about BMP's and a required schedule with penalty for non-compliance, there will be no need for this word.
- X ***Create a benchmark*** defining what each contractor's demand would be if they had not implemented measures that permanently reduce their demand. Any number of methods

- could be used to determine the benchmark, such as a standard per capita, or determining savings from completed conservation measures and adding this to actual demand.
- X ***Use the benchmark to assure fairness*** - that no contractor will be penalized in their current or future entitlement for having done demand reduction projects.

**Water Supply** (comments relate to G and H of Framework document) :

- X The “demand hardening” that results when a contractor implements reduction measures needs to be addressed in the way SCWA determines allocations during a water shortage emergency or impairment condition; those who have implemented demand reduction programs should receive higher allocations. Note: the benchmark described under “conservation” could be used in determining more equitable allocations.
- X The term “standby” in G should be changed or defined.

**Recycled Water:**

- X There should be no reduced entitlement or water shortage allocation for having built recycled water projects that offset potable demand.

**Agreement Governance**

- C We support the two-tiered WAC but there is a difference of opinion about how frequently the policy committee meetings should be held

**Transmission System Design and Scheduling** (comment related to item II of Framework document):

- C SCWA should ***report to the customers*** who are affected by the potential shortfall in a timely manner

**Basic Agreement Concepts** (relates to items JJ/ JJI and MM)

- X The Board agrees with JJ - one contractor should not be able to hold up the process of amending the Master Agreement (as happened with Petaluma and the Eleventh Amended Agreement).
- X Review by the WAC of projects not reviewed in the annual budget should be limited to projects over \$500,000.

Santa Rosa looks forward to beginning the more formal negotiation process.

Best regards,

/S/

Virginia Porter  
Deputy Director Water Resources

c: WAC Members  
SCWA  
MMWD  
Town of Windsor